



## **Request for City Council Committee Action from the Department of Public Works**

**Date:** November 19, 2013

**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

**Referral to:** Honorable Betsy Hodges, Chair Ways & Means/Budget Committee

**Subject:** **Cancellation of Street Lighting Special Assessments**

**Recommendation:**

- A. Passage of a Resolution cancelling the special assessments for the Riverside Ave Street Lighting Project, Phase I, in the original principal amount of \$258,705.16, for payable 2014 and subsequent years tax files and authorizing the refund of special assessment principal and interest collected from 2013 real estate property tax statements.
- B. Passage of a Resolution cancelling the special assessments for the following Street Lighting Projects:
  - Riverside Av (Phase II), Project No 6746
  - Nicollet Av S (Lake St to 36<sup>th</sup>), Project No 6713
  - Lyndale Av S (Minnehaha Creek to 56<sup>th</sup> St W), Project No 6745
  - University Av SE, Project No 2280
  - Washington Av SE, Project 2279
- C. Direct staff to return to committee to reconcile funding for the above stated projects at project close-out.

**Previous Directives:**

- May 24, 2013 – Council action amending Street Lighting Policy on assessments
- November 13, 2012 – Committee Report - final levy of assessments
- May 27, 2011 – Resolution 2011R-280 adopting special assessments

**Department Information:**

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Robert Carlson, P.E., Principal Professional Engineer 673-3614

Approved by: \_\_\_\_\_

Steven A. Kotke, P.E., Director of Public Works

Presenters in Committee: Bob Carlson

## **Financial Impact**

- Other: Reduced funding for each project due to the cancelation of assessment. To be reconciled at project close-out.

## **Supporting Information**

### Background

In May the City Council amended the Street Lighting Policy to eliminate assessments as a funding source for the installation of street lighting as a part of street reconstruction projects along Pedestrian Priority Corridors. As part of that action, staff was directed to return to Council with the proper adjustments needed to apply the policy to projects approved under the previous policy.

### Riverside Ave Phase I

In 2011 the City Council adopted special assessments for the Riverside Ave Phase I Street Reconstruction and Street Lighting projects. The project was constructed in 2011 with the street lighting completed in 2012. The estimated cost for the street lighting was \$272,800. The cost that was levied in November of 2012, after project completion, was \$258,705.16.

Since the assessments began collection on 2013 real estate taxes (the first installment of 20), the principal and interest installment paid with this year's taxes for each parcel (28 parcels assessed for Phase I) will need to be refunded to each property owner/taxpayer. Assessment principal in the amount of \$13,005.25 plus \$6,791.03 in interest for a total of \$19,796.28 was collected with the 2013 taxes. The remaining principal amount of \$245,769.91 will need to be cancelled from 2014 and subsequent years real estate property tax statements.

Because Special Assessment bonds have been sold to cover the original amount of \$258,705, staff will return to committee to close-out the Riverside Street Reconstruction and Street Lighting project (Phase I and II), reconcile the project funding and adjust for the debt service fund before May 1<sup>st</sup>, 2014.

### Other Impacted Projects

The other Council approved projects affected by the change in policy are listed below with the amount of street lighting assessments to be canceled:

Riverside Ave (Phase II) in the amount of \$160,380  
Nicollet Ave S (Lake St to 40<sup>th</sup>, street lighting to 36<sup>th</sup> St only) in the amount of \$324,000,  
Lyndale Ave S (Minnehaha Creek to 56<sup>th</sup> St W) in the amount of \$197,800,  
University Ave SE in the amount of \$265,000 and  
Washington Ave SE in the amount of \$220,024.

None of these projects have had the assessment rolls certified to Hennepin County to begin collection on the taxes. Council action to cancel the assessment rolls will end the pending lien status that an assessment places on the property. When a property is sold in one of the projects, typically money is held in escrow by the title company until the assessment is levied. After Council approves the assessment cancelation any escrow money can be refunded.

Staff will return to committee to with the proper modifications to the 2013 capital appropriations.